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January 28, 2004

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Re: Docket Nos. R-1167, R-1168, R-1169, R-1170, R-1171

Dear Ms. Johnson:

Thank you for providing the opportunity to comment on the Federal Reserve Board's proposed revisions to Regulation B, Regulation E, Regulation M, Regulation Z, and Regulation DD to establish more uniform standards for providing consumer disclosures. Our institution is a community bank with assets of \$1.6 billion in Des Moines, Iowa and approximately 300 employees.

We have carefully reviewed the proposal and request that you consider the following concerns:

Requirements of the proposed changes are unclear and will invite expensive lawsuits. Terms such as "everyday words," "legal terminology," "explanations that are imprecise," and even "wide margins" are unclear, especially with regard to complicated disclosures typical of Regulation Z. Also, it is not clear how institutions should apply the examples to different types of disclosures, such as ATM receipts. While the proposal says the examples are "optional," courts cannot be expected to agree. Plus, even if the bank wins a lawsuit, it still pays the cost of defending itself. The subjectivity of the proposal will invite lawsuits as well as second guessing by examiners.

The proposals will impose an expensive regulatory burden. Under the proposal, banks will have to review every disclosure required under Regulations B (ECOA), E (EFTA), M (Consumer Leasing), Z (TILA), and DD (TISA) and determine whether bullet points should be added, margins widened, and line spacing adjusted. They will have to be examined for "understandability," that is whether they are too legal sounding and lack "everyday words," a very subjective standard. Banks will then bear the cost of redrafting and reproducing many, if not all, of their disclosures. It is probable that some adjustment will have to be made to each required disclosure. The requirements related to font size, margin size, headings, and bullets would drastically increase the length of the disclosures, adding new costs. Many of the disclosures affected by these changes, such as those required by Reg. Z, are provided to banks by vendors who would be required to significantly redesign the software that produces these documents.

The revised disclosures may be less helpful to consumers. Because the requirements will lengthen the disclosures, in some cases by pages, consumers will be less inclined to review

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them. In addition, many banks include additional information that is useful to consumers, especially on the back of checking account and credit card account statements. Institutions will have to omit this useful information or pay for the additional paper. Some related, required disclosures may end up being segregated. This would result in customers receiving a large number of individual disclosures rather than being given one disclosure with similarly related information grouped together.

The regulations affected by the proposal are different from Regulation P and are not suited to this approach. Regulation P requires generic disclosures that are not specific to any particular transaction or disclosure. A single disclosure, once completed, typically applies to all of the institution's accounts, so compliance is much simpler. Applying the same standard to the plethora of various disclosures in the other regulations presents a very different project. In addition, unlike the other consumer protection regulations, there is no civil liability for violations of Regulation P, meaning Regulation P does not invite lawsuits for good faith compliance.

The Board has not identified a problem with existing regulations and disclosures to justify the compliance burden and potential liability. The Board explains its purpose is twofold: facilitate compliance and ensure consumers understand the disclosures. While generally, banks appreciate consistency among regulations to make compliance easier, it is not justified or workable in this case. Addressing the second purpose, the Board has not made a case to warrant this change. It has not offered any examples or explanations of where the disclosures are confusing or unclear. If they exist, the Board should identify them and address them specifically.

Thank you in advance for your consideration of our comments regarding this proposal. If you have any questions regarding the contents of this letter, please contact me, or our Compliance Officer, Peggy Bishop, at 515/245-5256.

Sincerely,

Cindy Williams, CRCM, AAP  
Vice President  
Assistant Compliance Officer